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The Contribution to Expanding Markets for
Dairy Products Made by the-

FOOD DISTRIBUTION PROGRAMS

National School Lunch Program
Special School Milk Program
Plentiful Foods Program
Direct Distribution

Program Objectives:

Immediate

To assist in finding a ready market for
foods in plentiful and surplus supply.

Long-range

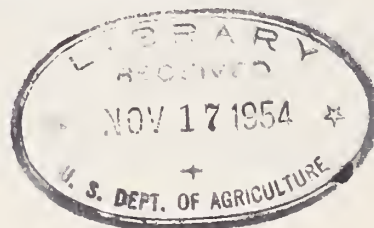
(1) To bring about food consumption
levels that will result in improved health
and well-being of our people.

(2) To expand domestic food markets.

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1877-15

Food Distribution Programs - Their Contribution to Expanding Markets for Dairy Products

History of Programs

Distribution programs began with the donation of surplus foods acquired by the Department to groups with limited food budgets. This program, called Direct Distribution, is still in operation. However, increasing emphasis has been placed upon programs designed to expand food markets and consumption through normal channels of trade, i.e., activities that result in an increase in the purchase of dairy products in local markets from regular suppliers -- wholesalers, retailers, and dairies.

- 1935 -

Direct Distribution established. This was made possible by Section 32 of the Act of August 24, 1935. That section provides the Department with an annual appropriation (equal to 30 percent of the annual custom receipts) for the general purpose of expanding domestic and export markets for agricultural commodities.

The volume of surplus foods donated under this program varies each year, depending upon the need for purchases for market stabilization purposes. Large quantities were distributed between 1935 and 1941. During World War II only limited donations were made. The volume of donations has increased in recent years, with 1954 the peak post World War II year of distribution.

- 1940 -

The Penny School Milk Program was established. Participating schools purchased milk from local dairies. Section 32 funds were used to reimburse schools for the difference between the selling price to children and the cost of milk to the school.

- 1943 -

The Department established the school lunch cash food assistance program. Schools operating nonprofit school lunch programs received cash payments to be used to make local purchases of food. The Penny School Milk Program was merged with this new program. Donations of surplus commodities continued, although the large wartime demand for food had greatly reduced the volume of purchases under Section 32.

- 1946 -

The National School Lunch Act was passed. It authorized the continuance of food assistance both in the form of cash payments and donations of Section 32 commodities. Section 6 of the Act authorized the Department to use a portion of the annual school lunch appropriation to make large-volume purchases of foods for the program.

- 1947 -

The Plentiful Foods Program was developed. It was designed to enlist the cooperation of food trade groups in merchandising programs to increase purchases and use of plentiful foods. This program was an outgrowth of work undertaken with food trade groups during World War II which directed attention to unrationed plentiful foods as a means of easing pressure on scarce rationed items.

- 1949 -

Section 416 of the Agricultural Act of 1949 authorized the donation of certain food commodities acquired under price support to school lunch programs, charitable institutions and needy persons in this country and to U. S. private welfare agencies for the relief of needy persons overseas.

- 1954 -

The Agricultural Trade Development and Assistance Act of 1954 revised Section 416 of the 1949 Act to permit donations of price support commodities to intergovernmental groups, as well as to U. S. private welfare agencies for the relief of needy persons outside the United States.

The Agricultural Act of 1954 authorized the use of up to \$50 million of CCC funds in 1954-55 and 1955-56 to increase the consumption of fluid milk by children in nonprofit schools of high school grade and under. The Special School Milk Program was established under this authority.

The National School Lunch Program

To be eligible for food assistance under the National School Lunch Program, participating schools must serve meals meeting nutritional requirements established by the Department of Agriculture. Each of the approved meal types includes one-half pint of milk as a beverage. This results in

large purchases of milk by schools, thus helping to expand local markets for fluid milk. Moreover, by developing the milk-drinking habit among children, the program helps build the base for the expansion of future markets.

In 1953-54, 10 of the 34 million children enrolled in secondary and elementary schools participated in the National School Lunch Program. They consumed 400 million quarts of milk as a beverage, double the amount used by participating schools in 1946-47, the first year of operation under the National School Lunch Act.

Some participating schools -- chiefly because of their isolated location -- are not able to purchase a regular supply of milk of acceptable quality. These schools are permitted to serve meals without milk. However, State educational agencies (which are responsible for program administration within the States) have sought the assistance of State Departments of Agriculture and dairy groups to help schools overcome such supply problems. These efforts, together with the educational efforts of schools to impress children with the importance of drinking milk, have resulted in a marked decrease in the number of meals served without milk. In 1953-54, only 4 percent of the 1.7 billion meals served under the program were meals without fluid milk as a beverage, compared to 15 percent in 1946-47, the first year of operation under the National School Lunch Act.

The Special School Milk Program

The Special School Milk Program, announced by the Department on September 10, 1954, is designed to move more milk directly into consumption channels by assisting States and local communities to increase the service of milk in schools.

This is accomplished by reimbursing schools for a portion of the cost of additional milk served. A base is established for each participating school, representing consumption of milk by children last year. Schools which previously served milk may be reimbursed up to a maximum of 4 cents for each one-half pint served in excess of their base. Schools that previously had no milk service are reimbursed up to a maximum of 3 cents per half pint served. Thus, the program will help to stimulate increased consumption in those schools now serving milk, as well as encourage the establishment of milk services in more schools throughout the country.

School officials are given wide latitude in deciding how and when the additional milk will be served in school. It may be served with the noon lunch or at any other time during the school day. There are no

restrictions on the number of half pints a child may drink each day. Schools, however, are being encouraged to effectively use the reimbursement funds made available to reduce the cost of milk to the child as a means of stimulating increased consumption.

The service of milk in many schools is limited because of the lack of adequate milk storage or service facilities in the school or because the school cannot obtain regular deliveries of sufficient supplies of milk. Many such problems can be solved on a local basis, through the cooperative efforts of the school, the dairy industry, and community groups.

The Special School Milk Program is being administered within the various States by the State educational agency. Many State agencies have taken steps to enlist the active cooperation of other State agencies and of dairy industry associations to help stimulate interest in the program and assist schools in overcoming milk procurement and delivery problems.

Plentiful Foods Program

Through the Plentiful Foods Program, food trade groups and the Department cooperate in merchandising programs to increase the purchase and use of plentiful foods through normal channels of trade. Department cooperation in the industry's "June Dairy Month" promotion campaign is an annual feature of this program.

During Dairy Month the Department assists the industry by bringing their promotional efforts to the attention of food wholesale and retail outlets and the press, radio and television. This is accomplished through informational releases, direct contacts with key food distributors in major markets throughout the country, and through cooperative work with national and State dairy associations responsible for the industry's merchandising program.

As a result of these activities, the industry's efforts to focus attention upon the abundant supplies of dairy products and their importance to good diets is supported by in-store displays, food store advertisements, food and women's page features in newspapers and on radio and television, and other promotions which stimulate sales of dairy products.

Direct Distribution

A total of 330 million pounds of dairy products from the inventories of the Commodity Credit Corporation were moved into consumption channels in 1953-54, through donations to nonprofit school lunch programs in this country and to needy groups both here and overseas.

The quantities of the various manufactured dairy products distributed were:

To domestic recipients:

Million Pounds

Butter	72
Cheese	45
Nonfat dry milk solids	29
Total	<u>146</u>

To needy persons overseas:

(through U. S. private welfare agencies)

Butter	60
Cheese	31
Nonfat dry milk solids	93
Total	<u>184</u>

Grand Total 330

These dairy products were made available to 12 million persons in this country, including children in school lunch programs, inmates of charitable institutions, needy Indians and other needy persons. Distribution to domestic recipients is accomplished under a plan whereby the Department ships the surplus foods in carload lots to central receiving points within the various States. An agency of the State assumes responsibility for handling and storing the foods and for their delivery to the final recipients.

A total of 18 U. S. private welfare agencies distributed these surplus dairy products to needy persons in 40 countries in 1953-54.

Thus, through Direct Distribution, surplus dairy products acquired by the Department are constructively used to improve the diets of groups with limited food budgets. Moreover, these donations can have a permanent effect upon the expansion of markets for dairy products. The use of non-fat dry milk solids by school lunch programs illustrates this point.

Nonfat dry milk solids were first introduced into the National School Lunch Program in 1946-47 when 800 thousand pounds were made available. The milk was offered to all schools for cooking purposes and for reconstitution as a beverage to those schools unable to obtain supplies of fluid milk.

Most local school lunch people were unfamiliar with the use of dry milk. Therefore, the Department undertook an information program showing how the milk should be handled and stored, proper reconstitution methods, and its cooking uses -- how it could be used to increase the nutritive value of sauces, stews and meatloaves and how to prepare kitchen-made mixes for quick breads and cookies. State school lunch agencies followed up these efforts by including demonstrations of the use of dry milk in workshops held for school lunch managers and cooks.

As a result of these efforts, the school lunch market for nonfat dry milk solids has steadily expanded. Last year, school lunch programs used 13.5 million pounds of this milk from the surplus stocks of the Commodity Credit Corporation alone. With the continuing growth of school lunch programs, a permanent expansion in the market for nonfat dry milk solids is being created.

How Distribution Programs are Carried Out

The food distribution programs of the Department are carried out through five area offices of the Food Distribution Division of the Agricultural Marketing Service. These offices are located in New York City, Atlanta, Chicago, Dallas and San Francisco.

These offices are responsible for working with the State agencies responsible for State administration of the National School Lunch, Special School Milk and Direct Distribution Programs. They also work with key food distributors in major markets throughout the country in connection with the trade merchandising activities under the Plentiful Foods Program.

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